

MINUTES
REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY
Tuesday, June 11, 2013
KI Convention Center
333 Main Street, Room A4
1:30 p.m.

MEMBERS PRESENT: Harry Maier, Chair; Gary Delveaux, Vice-Chair; Jim Blumreich, Joe Moore, Melanie Parma, Matt Schueller

MEMBERS EXCUSED: Tom Weber

LIAISON REPRESENTATIVES PRESENT: Jeff Mirkes, Christopher Naumann

OTHERS PRESENT: Rob Strong, Andy Rosendahl, Cheryl Renier-Wigg, Krista Baeten, Kevin King, Greg Flisram, Tony Wachewicz, Mayor Jim Schmitt, Dawn Foeller, Tim Farel, Max Dermond, Nora Pecor, Matt Burrow, Chris Gallagher, Jeffrey Knutson, Chris Godfrey, media, and others

APPROVAL OF AGENDA:

Approval of the agenda for the June 11, 2013, meeting of the Redevelopment Authority.

A motion was made by M. Schueller and seconded by J. Moore to approve the agenda for the June 11, 2013, meeting of the Redevelopment Authority. Motion carried.

APPROVAL OF MINUTES:

Approval of the minutes from the May 14, 2013, regular meeting of the Redevelopment Authority.

A motion was made by G. Delveaux and seconded by J. Moore to approve the minutes from the May 14, 2013, regular meeting of the Redevelopment Authority. Motion carried.

Tim Farel, manager of the Hyatt, was introduced.

COMMUNICATIONS:

1. Letter dated May 28, 2013, from U.S. Department of Housing and Urban Development regarding approval of 2012 Consolidated Annual Performance and Evaluation Report (CAPER).

The communication was received and placed on file.

OLD BUSINESS:

None.

NEW BUSINESS:

2. Review and approval of development agreement with the Dermond Group for the northwest corner of Washington and Walnut Streets.

G. Flisram introduced members of the Dermond Group development team and provided an overview of the project. The project cost is just below \$15 million with an estimated assessed

value of \$11.2 million. The project consists of a seven story building, including a penthouse, with 93 residential units and approximately 3,300 square feet of retail space and a multi-level interior parking garage with approximately 120 parking spaces.

A motion was made by G. Delveaux and seconded by J. Moore to open the meeting for discussion. Motion carried.

Chris Gallagher presented drawings of the development. The building has retail spaces two stories high and six levels of residential and provides connection to the City Deck. There are three levels of parking, and on top of the parking will be a green roof with space for resident use. There was discussion regarding parking and entrances and the final design uses the existing drive to go into the parking lot. They are building 31 parking spaces to be leased or sold to Nicolet Bank. Resident parking will consist of one parking space per unit (93 units). The units will consist of 30% two-bedroom and 70% one-bedroom and studios. Views of the exterior design were presented.

G. Delveaux asked about environmental challenges. R. Strong indicated that special foundations will be needed due to being on the waterfront.

H. Maier questioned the amount of setback from the sidewalk on Washington Street and a one-foot setback was indicated. It was confirmed that all units are rentals, and the largest penthouse size is 1,331 square feet.

There was discussion on the Green Bay rental market. Max Dermond indicated if they get approval from the RDA, they would do their due diligence in terms of the environmental, the marketing, and the feasibility in terms of rents. Anticipated construction start is December 1, 2013, with completion in 12 months.

T. Wachewicz distributed some minor language changes that were made to the development agreement.

In summary, the RDA's commitment consists of:

- Selling the property to the developer for \$500,000.
- With a \$11,500,000 assessment, the purchase price will be forgiven.
- With a \$10,000,000 assessment, and if they maintain and own the property for 10 years, \$300,000 will be forgiven.

The City is being asked to provide TIF assistance of \$2,484,000.

J. Moore asked if the development agreement has any effect on the relationship or current agreements with Nicolet Bank.

R. Strong stated there is an agreement with Nicolet Bank for the parking lot that this project is being built on. The RDA owns the property and has the right to take it. The developer has reached out to Nicolet and provided them an option for replacing the parking. There is an obligation to move Nicolet's parking into the Cherry Street ramp. Also required in the Nicolet Bank agreement was a vision angle from the building. The developer has designed a project that meets that requirement. In addition, any development on this site has to be in similar quality to Nicolet Bank, and the value requirement has been exceeded. Any negotiating is between the developer and Nicolet Bank.

J. Blumreich questioned the 21% of hard costs and if it included the land incentive. G. Flisram responded that it does.

G. Delveaux questioned if the parking solution removes the City's obligation to Nicolet Bank. R. Strong stated that there is still an obligation to Nicolet Bank for parking in the Cherry Street ramp. There isn't anything new as a result of this agreement. There is room available in the Cherry Street ramp.

M. Schueller questioned how the RDA would get the property back if the property is transferred to the developer and then the construction of the project would not occur. T. Wachewicz indicated that an agreement would need to be worked out with the developer to deed it back or other legal action. The development agreement is structured so that the property would not transfer until agreements are in place by the developer.

A motion was made by G. Delveaux and seconded by M. Schueller to approve the development agreement with the Dermond Group for the northwest corner of Washington and Walnut Streets. Motion carried.

3. Review and possible action on term sheet for sale and redevelopment of Clarion Hotel.

R. Strong indicated that there have been ongoing discussions with the existing management entity of the Clarion Hotel. They were interested in the property before the City purchased it and have continued to show an interest. Their proposal is being brought forward to the RDA before looking into other options. American Hospitality Management, Inc. is interested in purchasing, managing, and redeveloping the property. A term sheet was prepared and will need to go to City Council as well.

The term sheet was reviewed and indicates the developer would purchase the property for \$2.7 million. The RDA and City would retain all easement rights for foundations and footings for the KI Center, gain the air rights needed, and take possession of all the meeting room space currently at the Clarion Hotel. The current meeting room space would be removed and new meeting room space built for the convention center. There is no request for TIF assistance on the project at this time, but the developer has the opportunity to make the request in the future. Following City Council approval, a development agreement would be executed.

The developer has agreed to put no less than \$4,000,000 investment in the property. Once completed, the hotel will be a Hilton or IHG flag (quality of a Marriott Courtyard or Hampton Inn) subject to franchise approval. Parking would be addressed as part of the site plan approval process.

Chris Godfrey, regional manager of American Hospitality Management, Inc., currently oversees the operations of the hotel. He provided background on the company.

J. Blumreich questioned the plans for exterior and interior improvements.

C. Godfrey indicated they plan to meet with the architect for the KI Center so the exterior would blend in with that. The interior would be entirely redone.

H. Maier asked if the Clarion name would be staying for now. C. Godfrey indicated that is something that will need to be worked out, and any franchise change would be brought to the RDA. Whether they add a bar and/or restaurant would depend on which franchise they go with.

The timeline for the redevelopment would coordinate with the timeline for the KI Convention Center.

M. Parma inquired about the interest expressed by others and questioned if a RFP or other options should be looked into.

It was confirmed that no other hard offers have been received, only inquiries. J. Moore feels that \$150,000, and whatever amount has been lost over the last few months, for the easements, air rights, and 1,700 square feet of meeting space is a fair deal.

R. Strong noted that the area that could be pushed is the amount of investment into the property. They started out at \$5,000,000 and ended up with \$4,000,000. It could be more, but will be driven by the flag that is brought in. It needs to be a quality property and a good anchor with the Hyatt on the other side.

Mayor Schmitt expressed his support and indicated we are looking for someone to be a partner with the Hyatt and the convention center and be willing to work together. This developer has been working well with the City.

A motion was made by J. Moore and seconded by J. Blumreich to return to regular order of business. Motion carried.

A motion was made by J. Moore and seconded by M. Parma to approve the term sheet as presented and forward to City Council with recommendation for approval. Motion carried.

4. Request of Jeffrey Knutson, Historic Restorations LLC, to purchase the lot at the northeast corner of Kellogg Street and North Chestnut Avenue for project at 401-409 N. Broadway.

A. Rosendahl indicated that Jeffrey Knutson recently acquired the properties at 401-409 N. Broadway, the former homeless shelter site. Several years ago, the RDA acquired the property on the corner of Kellogg and North Chestnut, Parcel 5-928, with the intention of someday providing that site for parking in partnership with redevelopment of the former homeless shelter site. The scope of the project at 401-409 N. Broadway is still coming together, but the total cost of the project should be around \$1,000,000. Staff recommendation is conditional approval to sell the lot at the northeast corner of Kellogg and North Chestnut to Mr. Knutson for \$14,900, contingent on a development agreement that further defines the terms of the project.

G. Delveaux questioned how the amount of \$14,900 was determined. A. Rosendahl stated the site is assessed at approximately \$35,000. The offer amount of \$14,900 is the balance remaining in an account intended for building acquisition. Mr. Knutson also provided \$1,000 earnest money.

R. Strong stated that the property wouldn't be transferred until a development is ready to go. Mr. Knutson needs the knowledge that the property is available for his needs as he defines his project. It was noted that the corner parcel was purchased with the intent to help with the redevelopment of 401-409 N. Broadway.

A motion was made by J. Moore and seconded by M. Parma to open the meeting for discussion. Motion carried.

Jeffrey Knutson stated that he purchased the property at 401-409 N. Broadway a couple weeks ago from Bank Mutual. The Hibernia House was built in 1874, and The Huffman House was built in 1875. The Huffman House is the smaller building to the south. He provided an update on the work he has done so far and plans to redevelop into condos, if possible.

A. Rosendahl stated that the lot is currently grass and clarified that Mr. Knutson is not asking for any other assistance than the land at the price of \$14,900.

A motion was made by J. Moore and seconded by G. Delveaux to return to regular order of business. Motion carried.

A motion was made by M. Parma and seconded by J. Blumreich to approve the sale of the lot at the northeast corner of Kellogg Street and North Chestnut Avenue to Jeffrey Knutson for \$14,900 subject to a development agreement. Motion carried.

5. Review and action on Planning Option Agreement with New Town Redevelopment LLC and purchase of Parcel 12-122.

G. Flisram explained that this is a follow-up related to the acquisition of the former Schauer and Schumacher buildings and the L-shaped parcel between the buildings. A deal was worked out with the owner of the L-shaped parcel to sell to the RDA for \$15,000 in exchange for a two-year Planning Option on RDA-owned parcels 5-586 and 5-587 on North Broadway for a residential or mixed-use development with a minimum of \$500,000 assessed value. The Planning Option is an exclusive 12-month option for \$1.00 with the ability for an additional year extension for \$15,000. The parcels will be leased or transferred to the developer for \$1.00 upon receiving evidence of project financing and execution of a development agreement. Parcels 5-586 and 5-587 are currently grass lots.

M. Schueller asked if any TIF assistance was requested. G. Flisram indicated that the developer could come back and ask for TIF assistance.

A motion was made by J. Blumreich and seconded by M. Schueller to approve the Planning Option Agreement and purchase of Parcel 12-122 for \$15,000. Motion carried.

6. Request for authorization to sell 133 S. Maple Avenue.

The closed session notice was read. A motion was made J. Blumreich and seconded by G. Delveaux to convene in closed session for purposes of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. Roll call was taken and present were: M. Schueller, M. Parma, J. Moore, J. Blumreich, G. Delveaux, and H. Maier. Motion carried.

A motion was made by J. Blumreich and seconded by M. Schueller to return to open session. Motion carried.

H. Maier reported that during closed session, the Authority discussed the property at 133 S. Maple Avenue and instructed staff to proceed with negotiations to sell the property.

7. KI Convention Center expansion update.

R. Strong stated that the schedule is on track to issue bonds at the City Council meeting on July 30, 2013. The RDA will be taking action at the July meeting. The construction bids will go out mid-July. Revised design drawings were shown and discussed.

8. Report on the status of TIF districts

A year-ended December 31, 2012, summary was provided for each TIF district.

BILLS:

9. Acceptance of financial report and check register as provided.

A motion was made by G. Delveaux and seconded by M. Schueller to approve the financial report and check register as provided. Motion carried.

INFORMATIONAL:

10. Director's Report.

- Donald Driver Way gets designated on Saturday at 2:30 p.m.
- Discussions are continuing with Coaches Corner on relocation options.
- Neighborhood Division staff and members of Neighborhood Associations went to a national neighborhood conference in Minneapolis, and the Green Bay Neighborhood Leadership Council was a finalist for the best program of the year and took second place.

Chair ruled for adjournment at 3:23 p.m.